

- **Unemployment rises to 8.6% in May**
- **Marriages were up 2.1% in 2000**
- **BC-registered vehicles travelled 37.8 billion kms in 2002**

Labour Force

• **BC's unemployment rate shifted upwards half a percentage point to 8.6% in May (seasonally adjusted).** This was the combined result of fewer jobs (-0.4%) and more labour force participants (+0.2%), which together amounted to 11,500 more unemployed workers. Nationally, the unemployment rate moved up 0.3 percentage points to 7.8%. Indeed, the unemployment rate was up in every province except Newfoundland (-0.9 percentage points) and PEI (-0.5 pp). New Brunswick (+1.7 pp) and BC showed the largest increases in the unemployment rate.

The employment decline in BC was driven almost entirely by fewer public sector jobs in May (-2.8%). Private sector employment was virtually unchanged (-0.1%). As well, job losses were concentrated among part-time positions (-4.7%), while full-time work increased slightly (+0.8%).

In Victoria, the unemployment rate rose to 6.6% (seasonally adjusted, 3-month moving average), up a half a percentage point from April. The unemployment rate in Vancouver was unchanged at 7.1%.

The unemployment rate for men and women was identical (8.6%) in May. Working women, however, were much more likely to be employed part-time (32.4%) than working men (11.4%). The unemployment rate for youth aged 15-24 (14.7%) was basically twice that of their elders (7.5%). *Source: Statistics Canada*

• **Total labour income in BC was down slightly (-0.4% seasonally adjusted) in March.** This is the second month-to-month decline in labour income after 7 months of small but steady increases. Nationally, labour

income inched downward (-0.1%) after 23 months of uninterrupted growth. This was caused by a contraction in the goods-producing sector (-0.2%). Income in the service sector remained unchanged.

Source: Statistics Canada

Housing

• **Investment in residential construction in BC rose 24.4% in the first quarter of 2003, compared to the same period of 2002.** First quarter investment amounted to nearly \$2 billion—16.1% of the nation's total. Nationally, investment was up 15.9%. *Source: Statistics Canada*

• **The value of building permits in BC continued to show turbulence in April.** The dollar value of permits was down 13.6% (seasonally adjusted) after lurching upward 38.4% in March. Residential permits were down 28.0% to \$317 million, overpowering the gains in non-residential permits (up 41.3% to \$163 million). Nationally, the value of permits inched up 0.5%. Manitoba (+163.3%) and Saskatchewan (+134.0) had dramatic upward swings, while BC and Ontario (-9.4%) had the largest declines among the provinces.

In Vancouver, the value of building permits dropped 14.3%, while in Victoria permits were up 13.6%.

Regional building permits data (non-seasonally adjusted) give a picture of what is happening in other parts of the province. The North Coast (+80.4%) and Cariboo (+59.6%) regions both showed sizable gains in the first four months of 2003, compared with the same period last year. Nechako (-33.8%), Northeast (-31.6%), Thompson/Okanagan (-11.9%) and Kootenay (-6.4%) all recorded downturns.

Source: Statistics Canada

Did you know...

Nine percent of BC workers secretly hate their boss, according to a recent Ipsos-Reid survey.

Transportation

- Vehicles registered in BC travelled an estimated 37.8 billion km in 2002. With 2.4 million registered vehicles, that is an average of about 16,000 km per vehicle. Passengers logged an estimated 64.5 billion km on the road, implying that BC vehicles carried an average of 1.7 occupants (including driver).

For Canada as a whole, 18 million registered vehicles travelled an estimated 315.8 billion km (approx. 17,500 km per vehicle). Males were the most frequent drivers, accounting for 71% of vehicle kms in Canada. Cars accounted for 50% of vehicle kms, followed by pickups (18%), vans (14%), and SUVs (7%). Finally, in contrast to most automobile commercials, only 12% of vehicle kms were for recreational or social activities.

Source: SC, Catalogue # 53-223-XIE

- There were 1.5 billion passenger trips on urban transit buses in Canada in 2001. The passenger bus industry generated \$4.3 billion in revenues (excluding subsidies), and employed some 90,000 people. *Source: Statistics Canada*

Entertainment

- British Columbians went to the movie theatre 4.2 times on average in 2000/01. Movie attendance across the country ranged from 1.4 visits per capita in Newfoundland to 5 visits per capita in Alberta. Averaged attendance for the nation was 3.9 visits.

BC had 117 movie theatres in 2000/01, four of which were drive-ins. Average ticket price was \$6.60, and total revenues for the industry were just over \$130 million. The industry, however, posted an operating loss of about \$3 million.

Source: Statistics Canada

Vital Statistics

- There were 22,086 marriages in BC in 2000, up 2.1% from 1999. This represents a marriage rate of 5.4 per 1000 population. The Marriage rate for Canada as a whole was slightly lower, at 5.1 per 1000 population. Provincially, marriage rates were highest in PEI (7.0) and lowest in Quebec (3.4).

Source: Statistics Canada

The Nation

- Canadian high school students who live beyond commuting distance to a university are significantly less likely to go to university after they graduate. For those who lived near a university, 20% went on to attend; for those who lived too far away to commute (40 km or more) only about 13% attended university after high school. This is perhaps because students can subsidize their education by living with their family—but only if the family home is close to school.

Students from lower-income families, in particular, seem to have little mobility: university attendance drops from 13% to 3% when university is beyond commuting distance. For students from upper-income families, attendance drops from 25% to 19% when there is not local access to university.

Source: SC, Catalogue # 11F0019MIE-#201

- Canadian foreign direct investment abroad totalled \$390 billion at year-end 2001. This represents an increase of 34% over the previous two years—a period during which Canadians acquired foreign companies worth some \$74 billion. Canada has a direct investment presence in over 135 countries, though the bulk of this investment is in the US. *Source: Statistics Canada*

- Some 375 firms in Canada were engaged in biotechnology research and development (R&D) in 2000. Biotech R&D expenditures amounted to \$712 million, up 8% from 1999. More than two-thirds (72%) of this work is conducted in the health sector. The agrifood sector spent \$43.3 million on biotechnology R&D, roughly 6% of the total.

Source: Statistics Canada

- Canada produced 12.1 billion cigarettes in the first quarter of 2003. This is 18% lower than production in the first quarter of 2002. Sales were 11.9 billion cigarettes for the first quarter, down 14% from the same period of last year.

Source: Statistics Canada

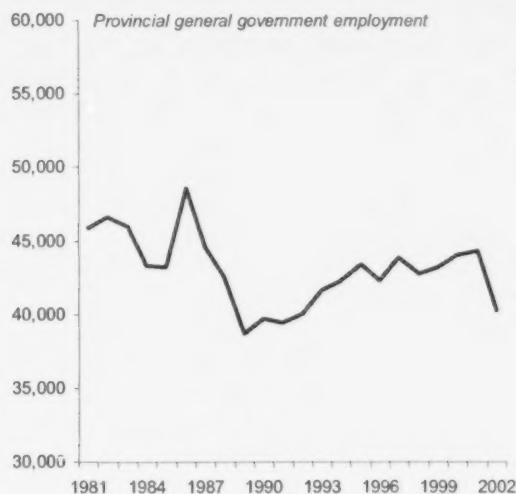
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Is the provincial public sector shrinking?

The number of government workers in BC fell sharply last year, partly because many employees took advantage of a buyout package



During the last two years, British Columbia's government has been engaged in an effort to reduce the size and impact of the public sector on the province's economy. Ministry budgets were trimmed, resulting in various staffing reductions. At the same time, buyout packages were offered to civil servants in BC who were either approaching retirement age, or were prepared to consider a career outside the provincial government. The reshuffling and reorganization that took place in the government following the voluntary departures and early retirements helped minimize the number of people who involuntarily lost their jobs.

However, the process is not yet complete. The full effect will not become evident for some time. Ministries were given up to three years to implement budget reductions and in some cases the changes will not be fully adopted until March 2004. Other ministries have already made

the required adjustments so, all things being equal, are unlikely to see further reductions in the size of their workforce in this fiscal year.

The buyout package that was first offered in the 2001/02 fiscal year was repeated in 2002/03. The deadline for the second round of early retirements or voluntary departures was March 31st. Now that employment data for 2002 are available¹, it's possible to see how the public sector employment numbers have shaken down so far.

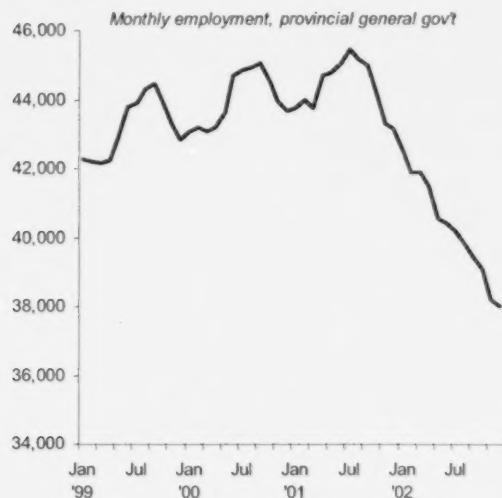
Employment in the BC government has been falling steadily since mid-2001

The number of provincial general government² workers has declined significantly since 2001. An average of 40,280 people worked in provincial general government last year, considerably fewer (-9.2%) than in 2001, when there were 44,350 people on the payroll. The decline in employment was the first substantial annual decrease since the 1980s and brought the number of people working for the British Columbia government down to the lowest level in a decade. Relative to the size of the population, the number of provincial general government workers fell from 10.8 to 9.7 per 1,000 population in 2002. The employment rate had been at about 10.8 per 1,000 population since 1998.

¹ The employment figures used in this report come from the Public Institutions Division (PID) of Statistics Canada. They are preliminary estimates and will be revised at the end of May. The PID data are based on a fairly broad definition of the provincial government, which includes government agencies as well as ministries. More information on the definition can be found in summary form in the September 2002 issue of this report.

² General government includes employment in government ministries and agencies such as the WCB.

Provincial general government employment has decreased 16% since mid-2001



Monthly employment figures help illustrate the magnitude of the change that has occurred during the last year and a half. The number of provincial general government workers has been falling steadily since mid-2001, when 45,400 people had jobs at provincial ministries and agencies. By the end of last year, there were 7,400 fewer people on the government payroll. However, not all of the decline can be attributed to layoffs, retirements or voluntary departures. Employment usually peaks during the summer months (when the need for forest protection, silviculture, parks, and other seasonal workers is greatest), drops off in the fall, and then picks up at the beginning of the year. There was no turnaround in 2002.

About half of the workers in provincial general government are employed in establishments that are classified to industries other than public administration. These cover a wide range of activities, from tree planting to construction work, accommodation and food, and insurance services.

The drop in employment did not translate into immediate savings for the BC government. The wage bill for 2002 fell only modestly (-2.4%), to \$2.4 billion³, partly because many former employees continued to be paid from the public purse for periods of up to 12 months after they left the public service. At the same time, cost-of-living increases, and a re-evaluation of job classifications, put upward pressure on the wage bill.

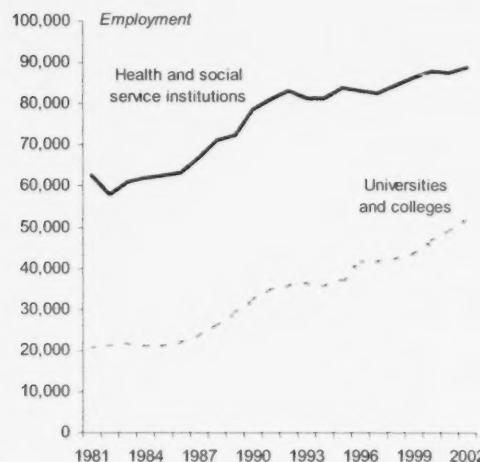
What's been happening in health and education?

While the number of general government employees in the province has been falling, these workers make up only part of the provincial public sector, which also includes health and social service institutions, universities and colleges and crown corporations. These organizations together employed 165,770 British Columbians last year, more than four times the number in provincial general government. Public sector health and social service institutions (88,930) were the biggest employers. A total of 52,460 people worked at post-secondary institutions, while 24,380 people had jobs at provincial crown corporations.

Employment in health care and education has continued to increase over time. The number of jobs at health and social service institutions edged down (-0.2%) in 2001, but bounced back (+1.4%) last year. In post-secondary education, employment has increased in every year since 1998, and continued to expand (+6.3%) in 2002. However, the advance has been slowing.

³ Source: Statistics Canada

The number of jobs at health, social service, and post-secondary institutions has continued to climb, but at a slower pace

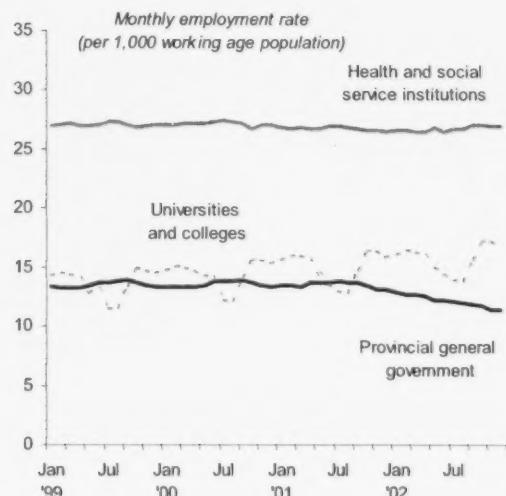


Relative to the size of the population, the public sector employment rate in health and social services has been very stable (ranging from 20.9 to 21.6 per 1,000 population) since the mid-1990s, indicating that job growth in health and social services has just kept pace with increases in the population. In contrast, the number of people who work at post-secondary institutions has been growing faster than the population. The public sector employment rate at universities and colleges increased from 10.8 to 12.7 per 1,000 population between 1996 and 2002.

Provincial crown corporations had pared down their workforce prior to last year, but employed 3.2% more workers in 2002 than in the previous year. Since 1991, the public sector employment rate for provincial crown corporations has fallen from 6.7 to 5.9 per 1,000 population.

Because these employment figures do not distinguish between full-time and part time workers, it is not possible to ascertain how many of the jobs involve full-time work. The extent to which employers (or employees) choose to offer (or seek) part-time employment can play a big role in job gains or losses over time.

While the employment rate in general government has declined during the last year and a half, job growth in health and post-secondary education has met or exceeded increases in the population⁴



General government employment is shrinking, but the provincial public sector has continued to grow

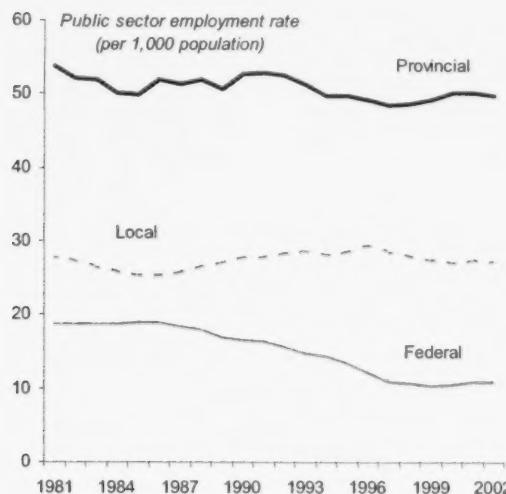
The reduction in the size of the civil service is real: the number of people working for government ministries and agencies has fallen substantially during the last year and a half. At the same time, the number of jobs in health, social services and post-secondary institutions has continued to expand, but at a slower pace than in the past. As a result, total employment in the province's public sector (general government plus institutions and crown corporations) edged up 0.5% in 2002. By comparison, both the federal and local public sectors increased their workforces by 0.9% last year.

⁴ Monthly population figures are only available from the Labour Force Survey. The employment rates in this figure are based on working age rather than total population.

Employment in the provincial, local and federal government sectors is growing at about the same rate as the population

The employment rate in the provincial public sector has remained fairly stable at about 50 workers per 1,000 population since 2002. Employment rates at the local and federal levels have also changed only marginally in recent years.

The provincial public sector employment rate has remained stable despite substantial reductions in general government employment



Over the longer term, however, the size of the federal public sector in BC has declined substantially. There were 52,800 federal public sector workers in the province in 1981. By 2002, average employment had fallen to 44,890. Employment in the local government sector (including those employed by school boards) expanded from 112,570 to 167,380 over the same period, while the provincial government sector grew from 151,960 to 206,045.

Why don't we see a big decline in spending?

Given the substantial decline in the number of provincial general government employment during the last year and a half, why hasn't the budgetary situation improved more? There are a number of reason for this, some of which have already been mentioned. First, because of the buyout packages offered to departing employees, the full effect of the staff reductions was not felt immediately. Second, the budget cutbacks will not be completely implemented until 2004. Third, cost of living increases and job reclassifications under the collective agreement have offset some of the savings from a reduction in staff. Additionally, employment in the rest of the provincial public sector has not been declining. The number of jobs in health and education has kept pace with, or exceeded, recent population growth.

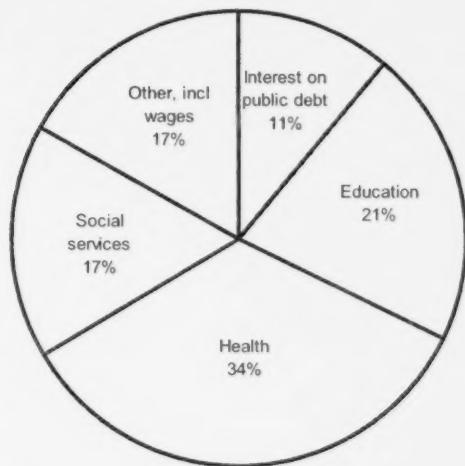
Wages account for about 9% of total government spending – less than interest on the public debt

Reducing the number of provincial government jobs is a highly visible way of cutting back on spending, but even large reductions in staff levels can have only a limited effect on the overall budgetary picture, since wages make up a relatively small percentage of total government spending. The wage bill⁵ for government ministries and agencies accounts for about 9% of total spending, an amount that is slightly less than interest charges on the public debt (11%).

The bulk of provincial government spending goes to pay for health care, education and social services. Those expenditures not only support public institutions (and pay the wages of the people working in them), but they also pay for income assistance, drug coverage, visits to doctors and various type ; of social programs.

⁵ This data comes from Statistics Canada, and differs from the information in the Public Accounts because it uses a broader definition of government.

Three out of every four dollars spent by the provincial government are used to fund health, education and social services



The recent budget cuts, together with the buyout offers, have brought the size of BC's provincial public sector (relative to the population) more in line with that in provinces such as Ontario and Alberta. While the full effect of the reduction in employment is not yet known, once the cuts have been completely implemented, it is possible that BC could end up with the leanest provincial public sector in the country.



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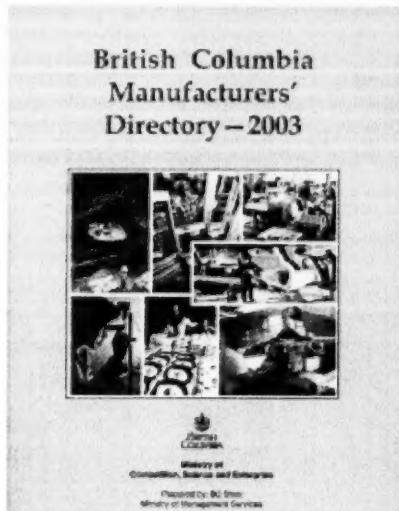


also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)		Jan 1/03	% change on one year ago
BC		4,155.8	0.8
Canada		31,499.6	0.8
GDP and INCOME		2002 Prelim.	% change on one year ago
(BC - at market prices)			
Gross Domestic Product (GDP) (\$ millions)		134,365	2.7
GDP (\$ 1997 millions)		126,141	1.8
GDP (\$ 1997 per Capita)		30,459	0.8
Personal Disposable Income (\$ 1997 per Capita)		19,445	-0.2
TRADE (\$ millions, seasonally adjusted)		Apr '03	% change on prev. month
Manufacturing Shipments - Mar		2,814	-0.4
Merchandise Exports - Mar		2,617	0.5
Retail Sales - Mar		3,373	-2.9
CONSUMER PRICE INDEX		May '03	12-month avg % change
(all items - 1992=100)			
BC		120.4	2.6
Canada		121.9	3.1
LABOUR FORCE (thousands)		May '03	% change on prev. month
(seasonally adjusted)			
Labour Force - BC		2,193	0.2
Employed - BC		2,005	-0.4
Unemployed - BC		189	6.5
Unemployment Rate - BC (percent)		8.6	8.1
Unemployment Rate - Canada (percent)		7.8	7.5
INTEREST RATES (percent)		Jun 4/03	Jun 5/02
Prime Business Rate		5.00	4.25
Conventional Mortgages - 1 year		4.95	5.55
- 5 year		6.00	7.40
US/CANADA EXCHANGE RATE		Jun 4/03	Jun 5/02
(avg. noon spot rate) Cdn \$		1.3574	1.5351
US \$ (reciprocal of the closing rate)		0.7371	0.6525
AVERAGE WEEKLY WAGE RATE		May '03	% change on one year ago
(industrial aggregate - dollars)			
BC		684.33	2.1
Canada		662.79	1.9
SOURCES:			
Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate, Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics			
For latest Weekly Financial Statistics see www.bankofcanada.ca			

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